

ASIAN WOMEN'S SHELTER, INC.

**GRANT AWARD NUMBERS
DV07181342**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND
STATEMENT OF APPROVED BUDGET AND CUMULATIVE EXPENDITURES**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

For the Grant Period July 1, 2007 through June 30, 2008

DATE RECEIVED: _____

AUDIT REVIEW #(s) 04301

Assigned To: Smart

Date Reviewed: _____

Reviewer's Initials: _____

Date Review(s) Completed: _____

CLARIDAD & CROWE

Certified Public Accountants

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	2 - 12
STATEMENT OF APPROVED BUDGET AND CUMULATIVE EXPENDITURES	13
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14 – 15
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	16 – 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18

CLARIDAD & CROWE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Asian Women's Shelter
San Francisco, California

We have audited the accompanying statement of financial position of Asian Women's Shelter, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated October 12, 2007 we expressed a qualified opinion on those financial statements as explained below.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our report dated October 12, 2007, we expressed an opinion that the 2007 financial statements did not fairly present financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles because the Organization had excluded its obligation for vacation pay. As described in Note I to the financial statements, the Organization has restated its 2007 statements to conform with U.S. generally accepted accounting principles. The prior year summarized comparative information has been restated to reflect this change.

In our opinion, the financial statements referred to above present fairly the financial position of Asian Women's Shelter, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2008, on our consideration of Asian Women's Shelter, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Asian Women's Shelter, Inc. taken as a whole. The accompanying statement of approved budget and cumulative expenditures for the year ended June 30, 2008, is presented for purposes of additional analysis as required by the Office of Emergency Services, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

September 26, 2008

ASIAN WOMEN'S SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2008
(With Comparative Totals for 2007)

ASSETS		
	<u>2008</u>	2007 (Restated)
Cash and cash equivalents	\$ 788,020	\$ 605,227
Certificates of deposit	10,000	10,000
Investments	597,006	666,863
Grants receivable	287,084	369,475
Other current assets	18,659	20,218
Deposits	1,999	1,869
Property and equipment, net	<u>521,715</u>	<u>561,865</u>
 TOTAL ASSETS	 <u>\$ 2,224,483</u>	 <u>\$ 2,235,517</u>
LIABILITIES		
Accounts payable	46,178	43,475
Accrued expenses	<u>38,206</u>	<u>48,028</u>
 TOTAL LIABILITIES	 84,384	 91,503
NET ASSETS		
Unrestricted:		
Operating	1,560,918	1,487,185
Property and equipment	<u>521,715</u>	<u>561,865</u>
Total unrestricted	<u>2,082,633</u>	<u>2,049,050</u>
Temporarily restricted	<u>57,466</u>	<u>94,964</u>
 TOTAL NET ASSETS	 <u>2,140,099</u>	 <u>2,144,014</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,224,483</u>	 <u>\$ 2,235,517</u>

See notes to financial statements.

**ASIAN WOMEN'S SHELTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)**

CHANGES IN UNRESTRICTED NET ASSETS

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
Support		
Grants – government	\$ 1,189,304	\$ 1,294,308
Grants – other	55,314	65,562
Contributions	220,195	171,602
Interest and dividends	27,991	17,556
Other revenue	15,045	11,136
Realized gain on investments	26,906	21,721
Unrealized (loss) gain on investments	(101,933)	55,473
In kind	<u>24,000</u>	<u>24,000</u>
Total unrestricted revenues	1,456,822	1,661,358
Net assets released from restrictions		
Satisfaction of program restrictions	<u>89,964</u>	<u>33,510</u>
Total net assets released from restrictions	<u>89,964</u>	<u>33,510</u>
Total unrestricted revenues and other support	1,546,786	1,694,868
Expenses		
Program services	1,204,723	1,217,787
Supporting services		
Management and general	235,729	224,052
Fundraising	<u>72,751</u>	<u>55,191</u>
Total expenses	<u>308,480</u>	<u>279,243</u>
Total expenses	<u>1,513,203</u>	<u>1,497,030</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>33,583</u>	<u>197,838</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants – other	52,466	89,964
Net assets released from restrictions	<u>(89,964)</u>	<u>(33,510)</u>
(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(37,498)</u>	<u>56,454</u>
(DECREASE) INCREASE IN NET ASSETS	<u>(3,915)</u>	<u>254,292</u>
NET ASSETS, BEGINNING OF YEAR, (as previously reported for 2007)	2,144,014	1,948,809
PRIOR PERIOD ADJUSTMENT (Note I)	<u>-</u>	<u>(59,087)</u>
NET ASSETS, BEGINNING OF YEAR, (as restated for 2007)	<u>2,144,014</u>	<u>1,889,722</u>
NET ASSETS, END OF YEAR	<u>\$ 2,140,099</u>	<u>\$ 2,144,014</u>

See notes to financial statements.

ASIAN WOMEN'S SHELTER
STATEMENT OF FUNCTIONAL EXPENSES
SUMMARY
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u>			<u>2007</u> <u>(Restated)</u>
	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Total</u>	<u>Total</u>
SALARIES	\$ 664,154	\$ 166,026	\$ 830,180	\$ 801,333
SALARIES – IN KIND	24,000		24,000	24,000
FRINGE BENEFITS	169,074	35,970	205,044	207,878
SUBCONTRACTORS	112,415		112,415	158,838
SUPPLIES	44,207	11,140	55,347	50,558
OCCUPANCY	17,280	4,188	21,468	20,480
REPAIRS AND MAINTENANCE	4,994		4,994	5,037
DEPRECIATION	32,648	8,871	41,519	41,093
TRAVEL	14,221	429	14,650	18,518
CONSULTANTS	26,087	30,424	56,511	51,599
OTHER OPERATING	<u>95,643</u>	<u>51,432</u>	<u>147,075</u>	<u>117,696</u>
	<u>\$ 1,204,723</u>	<u>\$ 308,480</u>	<u>\$ 1,513,203</u>	<u>\$ 1,497,030</u>

See notes to financial statements.

ASIAN WOMEN'S SHELTER INC.
STATEMENT OF FUNCTIONAL EXPENSES
PROGRAM SERVICES

For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

	2008				2007 (Restated)
	<u>Unrestricted</u>	<u>OES</u>	<u>Match</u>	<u>Other Programs</u>	<u>Program Services Total</u>
		<u>Grant</u>			<u>Total</u>
SALARIES	\$ 7,953	\$ 82,939	\$ 13,541	\$ 559,721	\$ 644,154
SALARIES – IN KIND			24,000		24,000
FRINGE BENEFITS	574	23,222	3,791	141,487	169,074
SUB CONTRACTORS				112,415	112,415
SUPPLIES		14,537		29,670	44,207
OCCUPANCY		4,366		12,914	17,280
REPAIRS AND MAINTENANCE		2,044		2,950	4,994
DEPRECIATION	32,648				32,648
TRAVEL	551	4,248		9,422	14,221
CONSULTANTS		12,369		13,718	26,087
OTHER OPERATING	<u>6,021</u>	<u>12,665</u>	<u>-</u>	<u>76,957</u>	<u>95,643</u>
	<u>\$ 47,747</u>	<u>\$ 156,390</u>	<u>\$ 41,332</u>	<u>\$ 959,254</u>	<u>\$ 1,204,723</u>
					<u>\$ 1,217,787</u>

See notes to financial statements.

ASIAN WOMEN'S SHELTER
STATEMENT OF FUNCTIONAL EXPENSES
SUPPORTING SERVICES
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

	2008					2007 (Restated)
	Management and general	Fundraising	Grant	OES	Other Programs	Supporting Services Total
				Match		Total
SALARIES	\$ 13,245	\$ 25,270	\$ 23,416	\$ 2,007	\$ 102,088	\$ 156,531
FRINGE BENEFITS	955	2,496	6,556	562	25,401	37,295
SUPPLIES		10,195	415		530	11,140
OCCUPANCY		3,430	230		528	4,188
DEPRECIATION	8,871					8,871
TRAVEL		279	150			429
CONSULTANTS	14,504	2,213	7,747		5,960	30,424
OTHER OPERATING	3,366	28,868	5,167	-	14,031	51,432
	\$ 40,941	\$ 72,751	\$ 43,681	\$ 2,569	\$ 148,538	\$ 308,480
						\$ 279,243

See notes to financial statements.

ASIAN WOMEN'S SHELTER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u>	2007 (Restated)
Cash flows from operating activities:		
Change in net assets	\$ (3,915)	\$ 254,292
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) on investments	101,933	(55,473)
Depreciation	41,519	41,093
(Increase) decrease in:		
Grants receivable	82,391	24,488
Other current assets	1,559	6,388
Other assets	(130)	201
Increase (decrease) in:		
Accounts payable	2,703	(14,536)
Accrued expenses	<u>(9,822)</u>	<u>(11,059)</u>
Total adjustments	<u>220,153</u>	<u>(8,898)</u>
Net cash provided by operating activities	<u>216,238</u>	<u>245,394</u>
Cash flows from investing activities:		
Purchases of certificates of deposit	(20,000)	(20,000)
Maturities of certificates of deposit	20,000	20,000
Purchases of equipment	(1,369)	(3,865)
Net proceeds from sale of investments	3,023,553	2,574,241
Purchases of investments	<u>(3,055,629)</u>	<u>(2,586,356)</u>
Net cash (used by) investing activities	<u>(33,445)</u>	<u>(15,980)</u>
Net increase in cash and cash equivalents	182,793	229,414
Cash and cash equivalents, beginning of year	<u>605,227</u>	<u>375,813</u>
Cash and cash equivalents, end of year	<u>\$ 788,020</u>	<u>\$ 605,227</u>

See notes to financial statements.

ASIAN WOMEN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

NOTE A – General and Summary of Significant Accounting Policies

General

Asian Women's Shelter, Inc. (the Organization) is a California nonprofit corporation originally established in 1986. The Organization provides comprehensive services to battered women and their children.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight line method over the estimated useful life (five to twenty-five years) of the assets.

The Organization's policy is to treat minor property and equipment purchases (under \$1,000) as expenses in the period acquired, rather than capitalizing these expenditures and depreciating them over their useful lives.

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

Income Taxes

The Organization has received exempt status under Section 501(c) (3) of the Internal Revenue Code and Section 23701d of the State of California Revenue and Taxation Code.

Donated Services

The Organization records donated services based on the comparable compensation which would be paid to the individuals if they were to occupy these paid positions. Volunteers provide assistance to the Organization for its various program activities. During the year ended June 30, 2008, \$12 per hour was determined to be the fair value of the services provided by volunteers.

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments (including certificates of deposit) purchased with a maturity of three months or less to be cash equivalents.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and services benefitted based on management's estimates.

ASIAN WOMEN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2007 from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments are stated at fair value and unrealized gains and losses are reflected in the statement of activities. Fair value is determined by market quotes.

Advertising

It is the Organization's policy to expense advertising costs as incurred.

Basis of Accounting and Reporting Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted:

Operating

Support is provided to the Organization from the government, foundations, corporations, and individuals.

Property and Equipment

Represents the Organization's net investment in property and equipment.

Temporarily Restricted:

Support for some of the Organization's programs is provided through temporarily restricted grants from government and charitable foundations.

ASIAN WOMEN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are due primarily from government agencies. No allowance for uncollectible grants has been recorded as all grants receivable are considered collectible by management at June 30, 2008 and 2007.

Support and Revenue Recognition

Contributions are recognized when the donor or grantee makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE B – Investments

At June 30, investments consist of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Government securities	\$ 278,307	\$ 278,617	\$ 262,425	\$ 268,955
Equities	<u>350,195</u>	<u>318,389</u>	<u>334,001</u>	<u>397,908</u>
	<u>\$ 628,502</u>	<u>\$ 597,006</u>	<u>\$ 596,426</u>	<u>\$ 666,863</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 24,147	\$ 14,692
Change in unrealized gain on investments	\$(101,933)	\$ 55,473
Realized gain on investments	\$ 26,906	\$ 21,721

Investment management fees of \$14,504 and \$13,935 were paid in 2008 and 2007, respectively, and are included as consulting fees in the statement of functional expenses. Investment income is included in interest and dividends in the statement of activities.

ASIAN WOMEN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(With Comparative Totals for 2007)

NOTE C – Property and Equipment

At June 30, property and equipment consist of:

	<u>2008</u>	<u>2007</u>
Building	\$ 755,253	\$ 755,253
Land	157,500	157,500
Furniture and equipment	<u>76,572</u>	<u>75,203</u>
	989,325	987,956
Less accumulated depreciation	<u>(467,610)</u>	<u>(426,091)</u>
	<u>\$ 521,715</u>	<u>\$ 561,865</u>

NOTE D – Temporarily Restricted Net Assets:

At June 30, temporarily restricted net assets consist of the following:

<u>Source</u>	<u>Purpose</u>	<u>2008</u>	<u>2007</u>
Tides Foundation	General support	\$ 25,000	\$ 25,000
Louis R Lurie Foundation	Children's program		30,000
Blue Shield	Capacity building		5,000
Chintu Gudiya Foundation	Direct service and community building		10,000
Sunshine Lady Foundation	Resident emergency fund	3,102	3,964
Global Fund for Women	General support	3,701	
AEPOCH – Community Healing Fund	Capacity building	15,000	
Deutsche Bank Foundation	Community building		10,000
Nielsen Media Research	MLAM program		6,000
St. Francis Foundation	Anti-trafficking	2,000	
Asian Pacific Fund	Children's program	2,383	
San Francisco Arts Commission	Direct services and Capacity building	1,280	
City and County of San Francisco – City Supportive Housing	Future shelter repairs	<u>5,000</u>	<u>5,000</u>
		<u>\$ 57,466</u>	<u>\$ 94,964</u>

NOTE E – Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization considers this contingency remote since, by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management is of the opinion that the Organization has complied with the terms of all grants.

ASIAN WOMEN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(With Comparative Totals for 2006)

NOTE F – Concentration of Credit Risk

The Organization maintains cash balances at three financial institutions. Accounts which are insured by the Federal Deposit Insurance Corporation up to \$100,000 currently exceed this limitation at two of the institutions at June 30, 2008 and 2007, by \$629,096 and \$433,963, respectively.

NOTE G – Building Acquisition Grant

In May, 1994, the Organization executed a Housing Site Acquisition Program Agreement with the City and County of San Francisco, through the Mayor's Office of Housing (MOH). Under terms of the Agreement, MOH advanced the Organization a total of \$823,000, for the acquisition of and improvements to a housing site in San Francisco, as evidenced by a promissory note, with 0% interest, secured by the property. The Agreement term commenced on the agreement date and will continue until the 55th anniversary of the date of the initial occupancy of the site at which time the entire loan amount will be forgiven.

Amounts advanced and revenue recognized prior to June 30, 2008, are as follows:

Total amount received to June 30, 2001	\$ 823,000
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Government grant support reported for the years ended:

June 30, 1993	7,000
June 30, 1994	653,320
June 30, 1995	155,451
June 30, 1996	<u>2,229</u>
	<u>818,000</u>

Temporarily restricted as of June 30, 2008	\$ <u>5,000</u>
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Also see Note C.

NOTE H – Economic Dependence

The Organization receives a significant portion of its total revenues and support (77% for the year ended June 30, 2008) from government grants and contracts. Reductions in this support could have a significant impact on the Organization's operations.

NOTE I – Prior Period Adjustment

Prior to the year ended June 30, 2008, the Organization had excluded its obligation for accrued vacation pay from liabilities. Beginning in fiscal 2008, the Organization commenced recording accrued vacation pay which is in accordance with generally accepted accounting principles. At June 30, 2007, accrued expenses were increased by \$48,028, beginning unrestricted net assets were decreased by \$59,087 and current year increase in net assets was increased by \$11,059.

ASIAN WOMEN'S SHELTER, INC.
STATEMENT OF APPROVED BUDGET AND CUMULATIVE EXPENDITURES
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Expenditures Claimed <u>Match</u>	<u>Total</u>	Variance <u>Under/(Over)</u>
<u>Grant No. DV07181342</u>					
Salaries	\$ 106,355	\$ 106,355	\$ 39,548	\$ 145,903	\$ -
Fringe benefits	29,779	29,779	4,354	34,133	-
Operating expenses	<u>63,936</u>	<u>63,936</u>	<u>-</u>	<u>63,936</u>	<u>-</u>
Totals	<u>\$ 200,070</u>	<u>\$ 200,070</u>	<u>\$ 43,902 (1)</u>	<u>\$ 243,972</u>	<u>\$ -</u>

(1) Total expenditures include \$19,902 cash match and \$24,000 in kind services match for the year ended June 30, 2008.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Asian Women's Shelter, Inc.
San Francisco, California

We have audited the general purpose financial statements of Asian Women's Shelter, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated September 26, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Asian Women's Shelter, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Asian Women's Shelter, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material deficiency is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Board of Directors
Asian Women's Shelter, Inc.
September 26, 2008
Page Two

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Asian Women's Shelter, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

September 26, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Asian Women's Shelter, Inc.
San Francisco, California

Compliance

We have audited the compliance of Asian Women's Shelter, Inc. (the Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will be not prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

ASIAN WOMEN'S SHELTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Asian Women's Shelter, Inc.
2. No instances of noncompliance material to the financial statements of Asian Women's Shelter, Inc. were disclosed during the audit.
3. Audit findings relative to the major federal award programs for Asian Women's Shelter, Inc. are reported in this Schedule.
4. The programs tested as a major programs were Office of Justice Programs – Office of Violence Against Women Program – CFDA No. 16.589.
5. The threshold for distinguishing Types A and B Programs was \$300,000.
6. Asian Women's Shelter, Inc. was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None